

**LOUISIANA**

**DEPARTMENT OF INSURANCE**



**OFFICE OF PROPERTY AND CASUALTY**

**Filing Handbook**

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# TABLE OF CONTENTS

<b>PURPOSE .....</b>	<b>1</b>
<b>AUTHORITY .....</b>	<b>1</b>
<b>FILING PROVISIONS.....</b>	<b>1</b>
<b>DEFINITIONS .....</b>	<b>2</b>
<b>LIRC FILING SUBMISSION PROCESS - PRIOR APPROVAL .....</b>	<b>7</b>
Receipt of Filing	7
Filing Review	7
LIRC Meeting	8
<b>LIRC FILING SUBMISSION PROCESS - FLEXIBLE RATING.....</b>	<b>9</b>
Receipt of Filing	10
Filing Review	10
<b>PUTTING THE FILING PACKAGE TOGETHER.....</b>	<b>10</b>
All Filings - Minimum Requirements	11
Rate Revision	12
Rule Revision	15
Initial Rate and Rule Filing	16
<b>SPECIAL FILING SITUATIONS</b>	<b>18</b>
Workers' Compensation "File and Use"	18
Workers' Compensation - Waiver of Subrogation	19
Risk Purchasing Group	19
Insurer's Withdrawal from Market	19
Withdrawal of Rates and Rules	20
Merger, Acquisition, or Company Name Change	20
Schedule Rating Plan (Individual Risk Premium Modification Plan)	21
Tier-Rating Plan	21
Multiple Company Tier-Rating Plan	22
Individual Risk Filing	22
Consent-to-Rate Filing	23
Installment Plan	25
<b>LIRC EXHIBITS AND COMPONENTS.....</b>	<b>25</b>
Cover Letter	26
Property and Casualty Filing Transmittal Form	27
Adoption of Loss Costs	27

Rate Change Comparison for Private Passenger Automobile	27
Rate Change Comparison for Homeowners	27
Louisiana Operating Ratios	27
Louisiana Rate Revision Questionnaire	28
Louisiana Territorial Revision Questionnaire	28
Louisiana Medical Malpractice Filing Questionnaire	28
<b>ACTIVE BULLETINS .....</b>	<b>29</b>

## PURPOSE

This document is a consolidation of previously issued guidelines and instructions for rate and rule filings. It provides Property and Casualty ("P&C") insurers rate and/or rule filing requirements and outlines the review and/or approval process.

## AUTHORITY

Louisiana is a modified prior approval state. All P&C rates and rules must be filed with the Louisiana Insurance Rating Commission ("LIRC") before they can be used in this state. The statutes referenced below underlie the basis of the LIRC's governing authority. By no means is this list complete nor does it limit the scope of the LIRC or the Louisiana Department of Insurance's ("DOI") regulatory authority. Note that some pertinent statutes are not found in Louisiana Revised Statutes, Title 22 (the Louisiana Insurance Code) but, by express authorization from the appropriate authority, are enforced by the LIRC and/or DOI.

- ◆ Part XXX of the Louisiana Insurance Code (L.R.S. 22:1 et seq.) establishes the LIRC and provides for rate and rule regulation.
- ◆ L.R.S. 22:1401, specifies when a filer may apply for a rate revision.
- ◆ L.R.S. 22:1402, states that the purpose of the LIRC is to promote the public welfare by regulating insurance rates, so that they shall not be excessive, inadequate, or unfairly discriminatory, and to authorize and regulate cooperative action among insurers in rate making.
- ◆ L.R.S. 22:1403 sets forth the scope of the LIRC's authority by line of business.
- ◆ L.R.S. 22:1407 provides that every insurer is subject to rate regulation and shall file and support every manual premium, minimum premium, class rate, rating schedule, rating plan, rating rules, and every modification of any of the foregoing which the insurer proposes to use.
- ◆ Department of Insurance Regulation 42 Section 8 provides that every workers' compensation group self-insurance fund shall adhere to a uniform classification system, uniform experience rating plan, and manual rules approved by the Commissioner of Insurance. The Commissioner has delegated approval authority to the Office of Property and Casualty.

## FILING PROVISIONS

Louisiana is a modified prior approval state. Most P&C rates and rules must be approved by the LIRC before they can be used in this state, with the following exceptions and statutory basis listed below:

- 90-day Workers' Compensation File and Use provision outlined in L.R.S. 22:1407 allows workers' compensation filings requesting a rate revision between -20% and +20% and is

actuarially justified to become effective on or after 90 days of receipt by the Insurance Rating Division.

- 30-day File and Use provision outlined in L.R.S. 22:1401.J.(2) and (3) allows notification of a rate revision if the rate request falls within the last two previously filed rate ranges, which were approved by the LIRC, and is actuarially justified and will become effective on or after 30 days of receipt by the Insurance Rating Division. *The 30-Day File and Use provision has been replaced by the Flexible Rating provision.*
- Flexible Rating provision outlined in Act 351 – 2003 Regular Legislative Session, amending L.R.S. 22:1401.J. allows multiple rate revisions within a 12-month period, if the rate request falls between -10% and +10%, is actuarially justified and will become effective on or after 30 days of receipt by the Insurance Rating Division. *The Flexible Rating provision became effective January 1, 2004.*

## DEFINITIONS

<b>Abeyance</b>	Occurs when a submitted filing has been set aside until all information needed to complete the review is made available by the filer to IRD staff.
<b>Action Letter</b>	A letter from the LIRC to the filer informing the filer of the LIRC's action.
<b>Actuary</b>	An individual who has completed the required professional designations to make actuarial recommendations. Specifically, staff designated to consult with the LIRC on the review of actuarial analysis submitted by filers and provides actuarial consultation on any other requested issues.
<b>Agenda</b>	A listing of all filings to be addressed at the monthly LIRC meeting.
<b>Agenda Cutoff</b>	The last date that staff will accept a "complete filing" for review and placement on the upcoming monthly agenda. The agenda cutoff date is generally the first Wednesday of each month, unless changed by the LIRC. This date is posted at the DOI web site and in the preceding published agenda.
<b>Classification</b>	The combining of risks into groups with the same general characteristics so that inherent differences in exposure to loss can be recognized for rating or underwriting purposes.
<b>Commissioner</b>	The Louisiana Commissioner of Insurance.

<b>Complete Filing</b>	A filing that complies with all the submission guidelines set forth by the LIRC and the IRD. A filing includes all supplemental material needed to support the request.
<b>Consent-to-Rate Letter</b>	A letter from an insured to the insurer requesting that the policy be written, at a specified premium, in accordance with the guidelines for that line of business.
<b>Cutoff</b>	The last date that staff will accept a “complete filing” for review and placement on the upcoming monthly agenda. The agenda cutoff date is generally the first Wednesday of each month, unless changed by the LIRC. This date is posted at the DOI web site and in the preceding published agenda.
<b>Deemer Period</b>	There is a waiting period from the time a rate or rule filing is received until the LIRC must take action. Following this period, the filing may be considered approved unless disapproved or deferred for further review or to obtain additional information. In accordance with <u>22:1407.A(2)</u> , when additional information supporting a filing is received, the deemer period shall commence as of the date the response is received.
<b>Direct Bill Plan</b>	A billing or payment plan through which an insurer pays a partial premium over the term of the policy. Often an additional nominal fee is charged to cover processing costs.
<b>DOI</b>	The Department of Insurance.
<b>Effective Date</b>	The date the insurer implements an LIRC approved filing. The effective date cannot be earlier than the date the LIRC approves the filing. It can be the date of the approval, however. If the requested effective date is prior to the approval date, the LIRC will amend the effective date to the LIRC meeting date. The insurer has 14 days to modify or reject the amended effective date.
<b>File and Use Eligibility stamp</b>	An ink stamp containing the text <i>FILE and USE (date) State of Louisiana - Office of Property and Casualty - Insurance Rating Division</i> . The “date” is the earliest date the filing may be implemented under the File and Use Provision. This stamp is in addition to and should not be confused with the “receipt stamp.”
<b>Flexible Rating</b>	Rate revision filings eligible for 30-day file and use provision outlined in L.R.S. 22:1401.J.

<b>Flexible Rating Band</b>	Rate revision range that makes a single company's rate revision eligible for Flexible Rating filing provision.
<b>Filer</b>	An insurer, a group of affiliated insurers, or a rating organization making a filing. With a letter of authority, an insurer can delegate filing authority to a third party.
<b>Filing</b>	The request by a filer for LIRC approval of a rate or rule. This includes initial rates and rules, changes to previously approved rates and rules, and withdrawal of approved rates and rules.
<b>Filing Organization</b>	Advisory or Rating Organization issued a Certificate of Authority by the Louisiana Insurance Rating Commission.
<b>Form</b>	Policyholder and policy information sheets used by insurers to transact the business of insurance.
<b>Form Filing</b>	The request by a filer for DOI approval of a form. This includes initial forms, changes to previously approved forms, and withdrawal of approved forms. Note that forms are approved by the Department of Insurance, not the Louisiana Insurance Rating Commission.
<b>IRD</b>	The Office of Property and Casualty - Insurance Rating Division.
<b>Individual Risk Premium Modification Plan</b>	A limited set of rules used to adjust a rate to more accurately reflect an insured's risk. An individual risk premium modification plan contains specific risk characteristics, based on quantified differences from the average risk contemplated in the manual rate, for which judgment is allowed to adjust the manual rate. The adjustments are in the form of debits and credits, within certain bounds. Also referred to as a schedule-rating plan.
<b>Individual Risk Rating Plan</b>	Rates and rules that are specific to a given risk and not contemplated by approved manual rates and rules.
<b>Installment Plan</b>	A billing or payment plan where an insurer pays a partial premium over the term of the policy. Often an additional nominal fee is charged to cover processing costs.
<b>Judgment Rating Plan</b>	An underwriting methodology based on the best judgment of an underwriter to classify and rate a specific risk. This method or rating is <u>not</u> allowed in Louisiana.
<b>Legal Counsel</b>	A DOI attorney who acts as a consultant to the LIRC regarding specific filings or legal matters.



<b>LIRC</b>	The Louisiana Insurance Rating Commission.
<b>LIRC Action</b>	The action taken by the LIRC on a specific filing contained on the LIRC agenda. The LIRC actions are to approve, with or without amendment, or to disapprove. The LIRC may take preliminary action on a filing to defer for further review. A deferral extends the deemer period and the filing remains pending.
<b>LIRC Identification Number</b>	The reference number assigned that identifies the agenda date and agenda item number of a filing.
<b>LIRC Meeting</b>	The meeting, held once a month, where the LIRC discusses and acts on items contained in the published agenda.
<b>L.R.S.</b>	Louisiana Revised Statutes.
<b>Modeling</b>	An actuarial tool used to price catastrophe exposure.
<b>Multiple Company-Rating Plan</b>	A rating scheme that provides different rate levels across multiple companies within a group of companies. There is no requirement that classification systems be identical across the companies. A multiple company-rating plan is not a tier-rating plan. [See tier-rating plan].
<b>Premium</b>	The amount assessed by the insurer as consideration for the purchase or continuance of insurance for a definitely stated term; includes any assessment, membership, policy, survey, inspection, service or similar fee or charge. The determination of premium is based on LIRC approved rules applied to approved rates.
<b>Rate</b>	The manual charge per unit of exposure used to determine premium. The manual charge includes (1) losses and (2) expenses, profits and contingencies.
<b>Rate Revision</b>	A request to change, add to, or remove rates or rate calculations previously approved by the LIRC.
<b>Receipt Stamp</b>	An ink stamp containing the text <i>RECEIVED (date) LA. OFFICE OF PROPERTY AND CASUALTY</i> . The "date of this stamp is the date used by the LIRC for time sensitive demarcations, such as determining the cutoff or deemed effective dates.

<b>Receipt-acknowledged stamp</b>	An ink stamp containing the text <i>RECEIPT ACKNOWLEDGED (date) LA. OFFICE OF PROPERTY AND CASUALTY</i> . The “date” is the date the acknowledgment is issued. This stamp is in addition to and should not be confused with the “receipt stamp.”
<b>Risk Classification</b>	The combining of risks into groups with the same general characteristics so that inherent differences in exposure to loss can be recognized for rating or underwriting purposes.
<b>Risk Purchasing Group</b>	Group of members with similar or related business authorized by the Department of Insurance to purchase liability insurance on a group basis for similar or related liability exposure
<b>Rule</b>	Instructions used to calculate premium for any risk, without amending the premium charged to a policyholder.
<b>Rule Revision</b>	A request to change, add to, or remove rules previously approved by the LIRC.
<b>Schedule Rating Plan</b>	A limited set of rules used to adjust a rate to more accurately reflect an insured’s risk. A schedule-rating plan contains specific risk characteristics, based on quantified differences from the average risk contemplated in the manual rate, for which judgment is allowed to adjust the manual rate. The adjustments are in the form of debits and credits, within certain bounds.
<b>Tier-Rating Plan</b>	A rating plan that contains a single classification system with different rate levels. A tier-rating plan can be between companies within a group of companies or within a single company. The LIRC draws a clear distinction between the two types of tier-rating plans.
<b>WCGSIF</b>	A Workers’ Compensation Group Self-Insurance Fund. A group of employers pooled together to form an association. One of the designated functions of the association is to provide workers’ compensation insurance for the members.
<b>Withdrawn Filing</b>	A filing that is no longer considered for action by the LIRC. The filer can withdraw a filing at any time from the date of the original filing request up to the point of discussion by the LIRC.

## **Wrap-Up**

An insurance policy that covers all liability exposure for a large group that has something in common. For example, wrap-up insurance can be written for all the various businesses working together on a special project, such as a large construction project, and provides coverage for losses arising out of that work only. Wrap-up includes owner-controlled insurance programs.

## **LIRC FILING SUBMISSION PROCESS - PRIOR APPROVAL**

This section describes the process by which IRD staff review and place filings on the LIRC agenda.

If an insurer has any questions regarding the procedure, IRD staff should be contacted at 225-342-5202.

### **Receipt of Filing**

Upon receipt, IRD staff will receipt-acknowledge and return a copy of the filing cover letter to the filer. The returned copy does not signify approval of the filing. The returned copy only notifies the filer that the filing has been received and is being processed in accordance with outlined procedures.

- ◆ Date-sensitive time frames shall be determined by the receipt stamp date on the returned copy, not the receipt-acknowledged stamp date.
- ◆ Even if the filing was received by the cutoff date, it will not automatically go on the next agenda. All filings are still subject to review by IRD staff prior to being placed on the agenda.
- ◆ Cutoff is the first Wednesday of the month. Changes to the cutoff date are posted at the DOI and on the DOI's web site (<http://www.lldi.la.gov>).

### **Filing Review**

The filing is assigned to an analyst for review. If the filing includes the required items and, to the best of staff's knowledge, does not violate Louisiana statutes, rules or regulations, meets all LIRC guidelines, and the request is clearly explained, it will be placed on the next available agenda.

The LIRC agenda meeting date is the third Wednesday of the month. Changes to the agenda meeting date are posted at the DOI and on the DOI's web site (<http://www.lldi.la.gov>).

Whether or not an item is required to be included with the filing is dependent on the type of filing.

The following specific procedures should be noted when submitting a filing to the LIRC:

1. If the filing does not include all required items, the filer will be contacted with a request to furnish listed items. The filing will be placed in abeyance until a response is received.
  - ◆ Contact may be by mail, fax, e-mail, or phone.
  - ◆ A response to a request for required items or additional information should be addressed in care of the IRD staff person making the request.
  - ◆ If no response is received within a 90-day period, the filing will be considered withdrawn.
2. Based on criteria set forth by the IRD staff and/or LIRC, a copy of the filing may be sent to the Actuary and/or Legal Counsel for review.
  - ◆ The fact that a filing has been sent to the Actuary or Legal Counsel will not delay IRD staff's placing the filing on the next available agenda.
  - ◆ When a filing is placed on the LIRC agenda and the Actuary or Legal Counsel needs additional time or additional information to complete a review and provide the LIRC with an opinion regarding the filing, the LIRC may defer the filing.
  - ◆ If IRD staff complete their review and determine that a filing is complete, the filing is placed on the next available agenda.
  - ◆ Once the filing is placed on an agenda, it will be assigned a LIRC identification number. This number will be referenced in future correspondence.
  - ◆ A filer may make a request, in writing or verbally, to withdraw a filing from the agenda at any time. The filer will receive an acknowledgement that the filing was withdrawn.
  - ◆ A filing can be amended, in writing or verbally, before or during the LIRC agenda meeting.

## **LIRC Meeting**

The LIRC meets once per month. The date of the meeting is initially set for 10:00 a.m. on the third Wednesday of the month at the Louisiana Department of Insurance Building.

The meeting date, time, or location may change at the request of the LIRC. IRD staff lists meeting dates and locations for three future meetings with each current month's published agenda. Meeting dates and locations can also be found at the DOI's web site (<http://www.ldi.la.gov>).

1. Approximately one week before the LIRC meets, IRD staff publishes the current month's agenda. The published agenda contains all that will be heard at the LIRC meeting. Filings on the published agenda will be taken up by the LIRC.
  - ◆ To be on the agenda, a complete filing must have been received by cutoff.
  - ◆ If an item is not on the published agenda, it may not be discussed during the LIRC meeting. However, the LIRC can add an item, not currently on the published agenda, to the agenda. The request to add must be made by a LIRC member and will only be added by majority vote. If such a vote is taken, it must be during the LIRC meeting.
2. During the LIRC meeting, each item on the agenda is discussed by the LIRC and an action is taken. LIRC actions are to approve the filing or to disapprove the filing. If

additional information is required, the LIRC may make a preliminary action to defer the filing to the next month's meeting.

- ◆ The filer can amend the filing, verbally or in writing, at any time up to the time the LIRC takes action.
  - ◆ The LIRC may approve a filing in part.
  - ◆ An approval may be contingent on the LIRC receiving additional information within a specified time frame.
  - ◆ If a filing is approved as amended by the LIRC, the filer has the option to withdraw the filing within 14 days after the LIRC's action. In this case, the LIRC will treat the withdrawn filing as if it were never made.
  - ◆ If a filing is deferred, it will automatically appear on the next month's agenda. LIRC staff may request additional information on the deferred filing from the filer. The filing will remain deferred for 90 days from the date of the request or until a response is received.
  - ◆ If a filing is disapproved, the filer can request that the filing be placed on any future agenda. It is suggested that the filing include information that addresses LIRC's concerns that lead to the disapproval.
3. After each agenda meeting, the filer will receive an LIRC action letter. This letter states the action taken by the LIRC.
- ◆ If the filing was amended, the action letter will restate such amendment and may request information or revised manual pages.
  - ◆ If the filing was deferred, the letter may include a request for additional information. If the filer does not respond within a 90 day period, the LIRC may disapprove the filing due to a lack of response on the part of the filer.
  - ◆ If the filing was approved with a statement of contingency upon which the LIRC action was based, the filer has until the date specified in the letter to provide the contingent information. If the information is not provided within the specified time, the LIRC may reconsider the approval and take appropriate action against the filer.
  - ◆ If the filing was approved in whole, in part, or as amended, the insurer has the option to withdraw the filing within 14 days after the LIRC's action. In this case, the LIRC will treat the withdrawn filing as if it was never made and without prejudice.
  - ◆ If a filer is aggrieved by any decision of the LIRC, the filer may request a hearing within 30 days.
  - ◆ If the filer does not receive an action letter after an LIRC meeting, this implies that the filing may not have been on that month's agenda and may not have been acted upon by the LIRC. If in doubt, the filer should contact LIRC staff to confirm a filing's status.

## **LIRC FILING SUBMISSION PROCESS - FLEXIBLE RATING**

This section describes the process by which IRD staff will review filings that meet the requirements of the flexible rating provision. Filings may be submitted on an individual

company basis or as a group; however eligibility for the flexible rating provision is determined on a per company basis. Filings submitted under the Flexible Rating provision must adhere to the following:

- ◆ be within the band of -10% or +10%; and
- ◆ have a proposed effective date at least 30 days from the submission date to the commission; and
- ◆ the overall average must be within the flex band, during a 12-month period.

If an insurer has any questions regarding the procedure, IRD staff should be contacted at 225-342-5202.

## **Receipt of Filing**

Upon receipt of a complete filing, IRD staff will return a copy of the filing to the filer stamped "File and Use Eligibility". The returned copy notifies the filer that the filing has been received and is being processed in accordance with the Flexible Rating Filing provision, and the first date the filing may be implemented, provided all requirements are met.

- ◆ The File and Use time frame shall be determined by the received date.
- ◆ If a filing is incomplete it will not be considered under the Flexible Rating Provision, the complete filing will be returned along with a letter outlining the missing components. It must be resubmitted in its entirety.
- ◆ If there are unresolved compliance or actuarial issues, the filer will receive a written order, detailing the compliance and/or actuarial issues.

## **Filing Review**

The filing is assigned to an analyst for review. If the filing includes all required items the company will receive a copy of the filing stamped "File and Use Eligibility" with the first date the filing may be implemented, provided all requirements are met.

If the filing meets the requirements and, to the best of staff's knowledge, does not violate Louisiana statutes, rules or regulations, meets all LIRC guidelines, the request is clearly explained, and is actuarially justified, it will be eligible for implementation on the requested effective date. The effective date cannot be prior to the eligibility date stamped on the return copy of the filing.

If the filing does not meet the requirements, the insurer will receive a written order detailing the issues. If the order is issued before the expiration of the 30-day filing period, the filing shall not become effective. If the order is issued after the 30-day filing period, the written order will inform the insurer of the date the filing is no longer effective.

The filing status will be updated on the Department's website (<http://www.lldi.state.la.us/>).

## **PUTTING THE FILING PACKAGE TOGETHER**

This section defines a "complete filing" by including the minimum and general filing requirements, as well as detailed filing requirements for specific filing situations. It is

organized by type of filing and, where appropriate, by line of business. Unless a line or company type is explicitly identified, the requirements listed below apply to all lines of business and companies.

- ◆ A Workers' Compensation Group Self-Insurance Fund ("WCGSIF") must file following the instructions contained in Bulletin LIRC 95-06. All other filings must follow the guidelines set forth in this section.

### **All Filings - Minimum Requirements**

These filing requirements are required of all rate and rule filings submitted to the LIRC.

1. The filing must be submitted to:

Deputy Commissioner – Office of Property and Casualty  
 Attention: Insurance Rating Division  
 1702 N. 3<sup>rd</sup> Street  
 Post Office Box 94157  
 Baton Rouge, Louisiana 70804-9157

2. The complete filing must include the following:

- a. Cover Letter
- b. Property and Casualty Filing Transmittal Form (pages 1, 2 and 4)
- c. Explanatory Memorandum – The memorandum should include the information specified by the type of filing request.
- d. Mandatory documents for the specified type of filing and line of business
- e. Completed Statement of Compliance from the Policy Form Matrix for the product (s) listed on the Transmittal Document. The Policy Form Matrix is available on the Department's website (<http://www.lda.state.la.us/ldipolicymatrix>).
- f. A copy of the last action letter from the LIRC for the current approved rates for the referenced program.
- g. Proposed manual pages
- h. Filings submitted by way of the United States Postal Service must include the following:
  - Three copies of all filing material, including the above items a through e.
  - One self-addressed, stamped envelope.

A hard copy of the complete filing must arrive at the IRD by way of the United States Postal Service, except when submitted via Systemic Electronic Rate and Form Filing (SERFF).

- ◆ Transmission of filing material by facsimile machine, private courier service, electronic transmission, or hand delivery is permissible so long as an original is deposited in the United States mail and received by the LIRC on or before the 20<sup>th</sup> day after receipt of such facsimile transmission, private courier delivery, electronic transmission, or hand delivery.

IRD staff must receive a copy of the complete filing no later than 12:00 noon on the agenda cutoff. The receipt stamp placed on the filing by IRD staff denotes the receipt date.

- ◆ Receipt by the agenda cutoff does not mean that the filing will automatically go on the current agenda. Prior to being placed on an agenda, staff must determine that all required information is available and complete the analysis of the filing. If required information is not included in the original filing, the filing will be placed in abeyance until required information is received.
- ◆ The DOI's website (<http://www.ldi.state.la.us>) provides meeting dates for up to one (1) year in the future. Note, however, that the date, time and location of the future LIRC meetings are subject to change.

## **Rate Revision**

A rate revision is the filer's requests to change, add to, or remove rates previously approved by the LIRC. An initial filing designed to accept (i.e., roll) an existing book of business should be filed as if it is a rate revision, following the guidelines of this subsection.

Note that, unless specified below, at least 6 months must lapse between the effective dates of two consecutive rate revisions. The following rate revisions are not affected by this six-month limitation:

- ◆ Rate revision previously disapproved by the LIRC and being re-filed.
- ◆ Rate revision deferred during the previous month by the LIRC.
- ◆ A filing submitted by a filing organization.
- ◆ A rate revision submitted under legislative mandate.
- ◆ A rate reduction for private passenger automobile.
- ◆ Rule filings.

All rate revision filings should contain the following filing material:

1. Explanatory Memorandum.
  - ◆ The filer should explain each requested rate revision contained in the filing. The impact of changes for base premium, coverage, classification, territory, limits, and deductible should be separately identified. All deviations contained in the filing, whether they involve deviations between companies, deviations from rating organization filings, or otherwise should be separately identified.
2. Exhibit A.1 – Louisiana Experience Underlying Revision.
  - ◆ Exhibit A.1 should be completed regardless of how much volume the filer has in Louisiana for the program affected by the filing. If no business has been written, place zeros in the appropriate lines of the exhibit.
3. Exhibit A.2 – Countrywide Experience Underlying Revision.
  - ◆ Exhibit A.2 should be completed regardless of how much volume the filer has Countrywide for the program affected by the filing. If no business has been written, place zeros in the appropriate lines of the exhibit.
4. Exhibit B – Checklist for Considerations in Actuarial Support.



5. Prevention of Fraud Statement.
6. Justification for requested rate revision
  - ◆ Actuarial Analysis - For all rate revision filings, where the annual premium in the latest calendar year is greater than \$250 thousand, an actuarial analysis in support of the rate revision must be included in the filing. Annual premium should be measured based on the insurance program affected by the proposed rate revision.
  - ◆ Statistical Analysis – For rate revision filings, where the annual premium in the latest calendar year is less than \$250 thousand and an actuarial analysis is not available, you may submit a statistical analysis. Annual premium should be measured based on the insurance program affected by the proposed rate revision.
  - ◆ Detailed Explanation – For rate revision filings, where there is not enough historical data to support an actuarial or statistical analysis, a detailed explanation is the minimal justification accepted. Additional information may be requested from the actuarial staff.
7. Exhibit D – Rate Change Comparison for Private Passenger Automobile
  - ◆ For all private passenger automobile rate revision filings, Exhibit D must be included.
8. Exhibit E - Rate Change Comparison for Homeowners
  - ◆ For all homeowners rate revision filings, Exhibit E must be included.
9. Exhibit F – Louisiana Operating Ratios
  - ◆ For all rate revision filings where the annual premium averages \$2 million per year over the latest three calendar years, Exhibit F must be included. Annual premium should be based on the insurance program affected by the proposed rate revision.
10. Exhibit H – Louisiana Rate Revision Questionnaire
  - ◆ For all private passenger automobile, homeowners and medical professional liability filings, Exhibit H must be included. For all other lines of business, it must be submitted upon departmental request.
11. Exhibit I – Louisiana Territorial Revision Questionnaire
  - ◆ For all private passenger automobile and homeowners filing, Exhibit I must be included. For all other lines of business, it must be submitted upon departmental request.
12. Exhibit J – Medical Malpractice Filing Questionnaire
  - ◆ For all medical professional liability filings, Exhibit J must be included.

### **Adoption of Rating Organization's Loss Costs**

For adoption of a rating organization's loss costs, an insurer must file to adopt each rating organization's loss costs independently. In other words, the rating organization does not file for and receive approval on behalf of the insurer. In Louisiana, a rating organization is an advisory organization, and the insurer must independently file to adopt and support, to the extent the insurer's Louisiana experience is credible, the approved advisory loss costs. Examples of this type of filing are the adoption of ISO or NCCI loss costs.

- ◆ Since rating organizations do not file on behalf of an insurer, if a company does not want to adopt an approved rating organization's loss cost filing, no filing is necessary. Note that this is not true for rule filings (refer to the subsection on rule adoptions).
- ◆ In Louisiana, loss cost multipliers ("LCM") do not remain "on file" to be used with future loss costs revisions. Each insurer's filing to adopt a rating organization's loss costs must include support for the proposed LCM even if the LCM does not change from the last such adoption.

The filing packet to adopt a rating organization's loss costs should include the following items in addition to those listed above.

1. LIRC Exhibit C.1 – Adoption of Prospective Loss Costs Without Expense Constant or LIRC Exhibit C.2 – Adoption of Prospective Loss Costs With Expense Constant.
  - ◆ In a more refined rating plan, Exhibit C.1 or C.2 may be filed multiple times. For example, the filer may want to recognize different expenses associated with each company in a group, different expenses underlying liability versus physical damage coverage, or different expense and underwriting standards associated with targeted niche-markets within a line of business. Note that with refined plans, support must be provided for each LCM.
  - ◆ The filing should contain three years of expense experience as support for the underlying expense components used to calculate each filed LCM.
2. The Explanatory Memorandum should reference all rating organization filing designations that are being adopted.

### **Non-Adoption of Rating Organization's Loss Costs**

A non-adoption of a rating organization's loss costs is not filed with the LIRC. No loss cost adoption is automatic in Louisiana. A rating organization cannot file loss costs on behalf of an insurer in Louisiana. Each insurer must explicitly file to adopt a rating organization's approved loss costs.

### **Private Passenger Automobile**

For a private passenger automobile rate revision, the filed material should include the following items in addition to those listed in a. above. These items are required whether the filing is an adoption or an independent filing.

1. Exhibit D – Rate Change Comparison
2. Exhibit H – Rate Revision Questionnaire.
3. Exhibit I – Territorial Revision Questionnaire.

### **Homeowners**

For all homeowner rate revisions, the filed material should include the following items in addition to those listed in a. above. These items are required whether the filing is an adoption or an independent filing.

1. Exhibit E - Rate Change Comparison

2. Exhibit H – Rate Revision Questionnaire.
3. Exhibit I – Territorial Revision Questionnaire.
4. If computer modeling is used to support the selected catastrophe load, the Computer Model Interrogatories must be included. Refer to LIRC Bulletin 99-02.

### **Medical Professional Liability**

For all medical professional liability revisions, the filed material should include the following item in addition to those listed above. These items are required whether the filing is an adoption or an independent filing.

- ◆ Exhibit H – Rate Revision Questionnaire
- ◆ Exhibit J – Medical Malpractice Filing Questionnaire

### **Fire and Allied Lines**

Fire and allied lines filings must utilize the Property Insurance Association of Louisiana (PIAL) rates. The PIAL has premiums (rates and rules) not loss costs approved in Louisiana. A company may deviate from PIAL rates; deviations must be renewed annually with the LIRC.

If a deviation from PIAL rates is not renewed, the approved fire and allied rate level for an insurer are those currently approved for the PIAL. In order to deviate from PIAL's rates: the following must be submitted:

1. The Explanatory Memorandum should explain the requested deviation
2. Justification for the deviation.

### **Installment Plans**

Do not include installment plans (initial or revision) in a rate filing. Installment plans should be filed separately from rate or rule filings. For detailed filing guidance, refer to the subsection on this topic.

### **Consent-to-Rate**

Do not include consent-to-rate requests in a rate filing. Consent-to-rate requests should be filed separately from rate or rule filings. For detailed filing guidance, refer to the subsection on this topic.

### **Rule Revision**

A rule revision is the filer's requests to change, add to, or remove rules previously approved by the LIRC.

The following subsections identify material the IRD staff expects to be in a complete filing packet for the identified filing situations.

For all rule revision filings, the filed material should include the following exhibits for consideration of the designated topic. If not an initial filing, a filing to adopt a rating organization's rules is considered a rule revision for the purposes of this document.

1. Explanatory Memorandum

- ◆ If applicable, explanation indicating if the coverage is optional.
  - ◆ If applicable, explanation of the effects of the rule change on the policy.
  - ◆ If applicable, is there a corresponding policy form change? If so, indicate the status of the form approval.
2. An explanation of each change must be provided.
  3. If a rule revision results in a change in premium for any existing policyholder, the estimated percentage and dollar impact of this premium change and the number of policyholders must be provided.
  4. If the rule revision results in a reduction or increase in coverage with no premium impact, the rate effect on the filer's existing book of business should be estimated.
  5. The marked manual pages with additions underlined and deletions ~~marked through~~.

### **Rule-Based Change in Coverage**

If the rule revision results in a change in coverage or causes a change in policyholder premium, the filed material should include the following items in addition to those listed above.

1. The explanatory memorandum should include a comparison of the coverage before and after the proposed changes.
2. Exhibit A.1– Louisiana Experience Underlying Revision
3. Exhibit A.2– Countrywide Experience Underlying Revision
4. Exhibit B – Checklist for Considerations in Actuarial Support
5. Overall Percent Rate Revision for the Existing Louisiana Book of Business
6. Overall Premium Change for the Existing Louisiana Book of Business
7. Number of policyholders affected by the
8. Justification to support the rule changes

### **Non-Adoption of Rating Organization's Rules**

Non-adoption of rules associated with a rating organization's loss costs may need to be filed with the LIRC. To determine whether the rating organization's rule adoption is "automatic", the filer should refer to the service agreement between the filer and the service organization.

If a rating organization's rules are automatically adopted (on the rating organization's approved effective date), then a filer must non-adopt them by making a filing. In all other cases, notice to the LIRC of non-adoption is not required.

If the filer wants to change the effective date of approved rating organization's rules, a filing is required. Otherwise, the rating organization's approved effective date for the rules are assumed to be the effective date for the filer.

### **Initial Rate and Rule Filing**

A filing of rates or rules is "initial" when no previous or similar filing has been approved by the LIRC.

- ◆ Initial filings will be placed on the agenda only if the Certificate of Authority is issued prior to LIRC cut-off.
- ◆ A filing subsequent to a withdrawn program is considered an initial filing (refer to the subsection on Insurer's Withdrawal from Market).
- ◆ An initial filing designed to accept (i.e., roll) an existing book of business should be filed as if it is a rate revision, following the guidelines of that subsection.
- ◆ An initial filing cannot be submitted along with a rate revision.

All initial rate and rule filings must include the following items:

1. The explanatory memorandum should include:
  - ◆ How the proposed rates were determined.
  - ◆ If the filer intends to adopt the rates of another insurer, the filer must clearly state that the rates are based on rates approved for Company X. The effective date of Company X's approved rates must be provided. If the filer's rates deviate from those approved for Company X, the deviation must be explained.
  - ◆ If the filer has marketed the insurance program in other states, these states should be identified.
  - ◆ If the program contains any form of schedule rating, tiered rating program, or use of policyholder credit history, such content must be clearly stated.
2. Exhibit A.2 – Countrywide Experience Underlying Revision
3. Proposed Effective Date

### **Initial Adoption of a Rating Organization's Loss Costs**

An insurer must file to adopt a rating organization's loss costs independently of the rating organization's approval. In other words, the rating organization does not file and receive approval on behalf of the insurer. In Louisiana, a rating organization is an advisory organization and the insurer must independently file to adopt and support the approved advisory loss costs. Examples of this type of filing include the adoption of ISO or NCCI loss costs.

- ◆ Since a rating organization does not file on behalf of an insurer, if a company does not want to adopt an approved rating organization loss costs, no filing is necessary on the part of the insurer.
  - ◆ In Louisiana, loss cost multipliers ("LCM") do not remain "on file" to automatically be used with future loss costs revisions. Each insurer's filing to adopt a rating organization's loss costs must include support for the proposed LCM to be used with the new loss costs. Note that it is acceptable that the LCM does not change from the last such adoption providing the underlying expenses have not changed.
1. LIRC Exhibit C.1 – Adoption of Prospective Loss Costs Without Expense Constant or LIRC Exhibit C.2 – Adoption of Prospective Loss Costs With Expense Constant.

- ◆ Exhibit C.1 or C.2 may be filed separately in a more refined rating plan. For example, the filer may want to recognize different expenses associated with each company in a group, different expenses underlying liability versus physical damage coverage, or different expense and underwriting standards associated with targeted niche-markets. Note that, with refined LCM plans, support must be provided for each LCM.
2. Three years of expense experience as support for the underlying expense components used to calculate each filed LCM.

### **Initial Fire or Allied Lines Filing**

For initial fire or allied lines rates the following must be considered.

- ◆ Fire and allied lines filings must be in compliance with LRS 22:1405.D, and Property Insurance Association of Louisiana (PIAL) rates must be utilized.
- ◆ The PIAL has premiums (rates and rules) not loss costs approved in Louisiana.
- ◆ LRS 22:1410 allows a property carrier to deviate from PIAL rates; deviations must be renewed annually with the LIRC. If a deviation from PIAL rates is not renewed, the approved fire and allied rate level for an insurer are those approved for the PIAL.

### **Initial Installment Plan Filing**

Do not include installment plans (initial or revision) in an initial rate or rule filing. Installment plans should be filed separately. For detailed filing guidance, refer to the subsection in this document on this topic.

### **Initial Consent-to-Rate Filing**

Do not include consent-to-rate requests in an initial rate or rule filing. Consent-to-rate requests should be filed separately. For detailed filing guidance, refer to the subsection in this document on this topic.

## **SPECIAL FILING SITUATIONS**

This subsection contains information for filings of a nature that either they do not fall in the other subsection or may fall in more than one subsection. In either case, special guidance is provided for each situation.

### **Workers' Compensation "File and Use"**

A workers' compensation filing may be submitted as "file and use." This means that the filing will be placed on an agenda and formally acted upon by the LIRC, only when the filing is "NOT ACTUARIALLY JUSTIFIED".

- ◆ "File and use" filings do not include excess workers' compensation.
- ◆ Even though a filing has been submitted under the "Workers' Compensation File and Use" provision, the insurer can request that the filing be placed on the next available LIRC agenda or withdrawn at any time up to the proposed effective date.

A qualified filing will be deemed approved and eligible for use 90 days after the date it is received by the LIRC provided all questions by IRD staff or the LIRC Actuary are resolved within the 90-day period.

The key filing criteria to qualify for workers' compensation "file and use" are:

1. Each insurance company's requested rate revision cannot exceed an increase or decrease of 20%.
2. The proposed effective date must be at least 90 days from the date the filing is receipt stamped (this is known as the "90-day deemer"). The effective date chosen can be any date 90 days or further out.
3. All statutory provisions regarding workers' compensation and making a rate filing are complied with in the filing.

Eligible "file and use" filings will receive a letter from the LIRC staff indicating that the filing is being considered under the "file and use" statutes. However, if the above criteria are not complied with, the filing will be reviewed normally and placed on the next available agenda.

A "file and use" filing is sent to the Actuary for review. In the event that the Actuary finds that the filing may produce inadequate, excessive, or unfairly discriminatory rates, or that the filing request is not well supported, the filing will be placed on the next available agenda for consideration by the LIRC. The filer will be so notified by letter.

- ◆ The 90-day deemer is not affected by correspondence between the filer and LIRC staff unless a response is not received before the last day of the deemer. In this event, staff will take appropriate action that may include placing the filing on the next LIRC agenda, placing the filing in abeyance, or notifying the filer that the filing was withdrawn.

### **Workers' Compensation - Waiver of Subrogation**

Filings including waiver of subrogation must adhere to the following guidelines:

1. 2% for Blanket waiver of subrogation.
2. 5% for Specific (Named) waiver of subrogation.

### **Risk Purchasing Group**

If a filing refers to a Risk Purchasing Group, the following information should be included in the cover letter:

1. A statement that a Risk Purchasing Group will use the rates and rules.
2. The name of the Risk Purchasing Group the filing is targeted toward.
3. A statement verifying that the proposed rates were discussed with, negotiated with, or agreed to by the Risk Purchasing Group.

### **Insurer's Withdrawal from Market**

Notification from an insurer stating they are "no longer writing" or "withdrawing from a market" is not a filing. Notification of this type is collectively referred to as a "withdrawal". Such notification will not go on an LIRC agenda.

Note that an insurer's decision to withdraw from a market does not release the insurer from complying with LIRC requests, any Louisiana statutory requirements, or other responsibilities.

Though there is no statutory obligation, the LIRC requests that an insurer, with approved rates or rules, notify the LIRC when they choose to withdraw from Louisiana markets. The following are examples of an insurer withdrawing from the market:

1. An insurer significantly limits the writing of new or renewal business.
2. An insurer ceases to write new business but continues to service renewals.
3. An insurer ceases to write new and renewal business.
4. An insurer sells or transfers a book of business to another insurer.
5. An insurance group consolidates business from multiple companies into a lesser number of companies.

It is requested that notification be provided in writing before, or as soon as possible after, the effective date of the withdrawal. The insurer's letter should clearly state the following:

1. Reason for withdrawal.
2. Impact this action will have on new and renewal business.
3. The proposed effective date of the insurer's action.
4. If the insurer's intent is to withdraw all rates, rules, and forms.
5. If applicable, the name of the insurer assuming the book of business.

Upon receipt of a request to withdraw from the market, the Office of Property and Casualty will send an acknowledgment. The acknowledgement may inform the insurer they are still subject to all L.R.S. 22 provisions, particularly those regarding non-renewal and cancellation. The letter may inquire if the insurer desires to withdraw all rates, rules and forms. If the reason for the insurer's action is not known, the letter may request more information regarding the insurer's future intent in Louisiana.

- ◆ Even though a company states they are "no longer writing," current approved rates, rules and forms remain effective until the LIRC approves a withdrawal of rates and rules.

## **Withdrawal of Rates and Rules**

A request to withdraw from a market should not be confused with a request to withdraw approved rates or rules. A request to withdraw rates or rules will be placed on the LIRC agenda. Upon approval, the insurer will no longer have any approved rates or rules for the withdrawn program. This means the insurer cannot write under the withdrawn program. Also, the company will remain subject to all Louisiana statutes, regulations, rules, and directives until all business is runoff or moved.

## **Merger, Acquisition, or Company Name Change**

Notification to merge or acquire another insurer, or change an insurer's name will not be placed on an agenda.

If an insurer changes its name, is acquired by another insurer, or merges with another insurer, LIRC notification of affected insurers is required. In a letter the insurer should notify the LIRC



of the corporate change. The letter should reference all LIRC approved insurance programs affected by the transaction.

If the merger or acquisition results in the insurer's withdrawal from a market for one of the affected companies, the guidance of the subsection on Insurer's Withdrawal from Market should be considered.

Note that an insurer's decision to merge, acquire, be acquired, or change name does not release the insurer from complying with LIRC requests, any Louisiana statutory requirements, or other responsibilities.

### **Schedule Rating Plan (Individual Risk Premium Modification Plan)**

For the purposes of this subsection, a schedule rating plan is a method of rating that uses charges and credits to modify a class rate based on the special characteristics of the risk. A schedule of rates is based on experience that supports a direct relationship between certain physical characteristics and the possibility of loss.

- ◆ In Louisiana, a schedule rating plan can only be used in conjunction with commercial liability and property class rates. A schedule rating plan cannot be used in conjunction with any personal line.
- ◆ If a filing introduces a schedule rating plan, this fact must be clearly stated in the filing memorandum.
- ◆ Schedule rating plans can be filed within other rate and rule filings, or separately. If filed separately and if adopting an approved ISO schedule rating plan without modification, the filing will not be placed on the agenda.

The LIRC has established the following schedule rating plan guidelines. A filer can expedite the approval of a schedule rating plan by adhering to these guidelines. To the extent that these guidelines are not met, the filer should be prepared to discuss with the LIRC, in detail, the proposed plan and how exceptions to these guidelines will benefit the Louisiana consumer.

1. The policy premium, at total limits, after schedule rating is applied must be at least \$6,000.
2. The maximum number of risk characteristics that can be considered when schedule rating a policy is eight.
3. The maximum debit allowed per risk characteristic is +10%.
4. The maximum credit allowed per risk characteristic is -10%.
5. The maximum aggregate debit allowed per schedule rated policy is +25%.
6. The maximum aggregate credit allowed per schedule rated policy is -25%.

Adding the individual debits or credits derives the aggregate debit or credit on a schedule rated risk.

### **Tier-Rating Plan**

If a filing contains tier rating, it must be clearly stated in the filing memorandum. When tiers are defined within a single company the tiers are considered part of that company's rate plan. As such, the criteria used to place an insured in a tier must be clearly defined and included in

the company's rules filed with and approved by the LIRC. The following guidelines should be considered when filing a tier-rating plan:

1. Criteria used to place an insured in a tier must be based on demonstrably different risk characteristics.
2. A tier-rating plan must use rates and rules that are not unfairly discriminatory.
3. Risks with substantially similar risk characteristics must be placed in the same tier.
4. The relative difference in rate level between tiers must be clearly stated in the filing memorandum.
5. A tier-rating plan must clearly set forth the agent commission scale used in each tier.
6. Differences in agent commission may, along with other expected risk or expense differences, contribute to the difference in rate level between tiers.
7. The difference in rate level between tiers must be substantively greater than the difference in underlying agent commission and reflect the expected difference in risk.
8. A tier-rating plan where agent commission or credit scoring is the sole characteristic that differentiates rate level between tiers is not in the public's best interest.

### **Multiple Company Tier-Rating Plan**

If a filing contains a multiple company tier-rating plan, it must be clearly stated in the filing memorandum. When multiple rate levels are defined across companies within a group, the criteria used to place an insured in a specific company is considered underwriting. As such, underwriting criteria does not need to be included in the company's rules filed with the LIRC. However, the following guidelines should be considered when using multiple rate levels across companies in a group:

1. A multiple company tier-rating plan must not be unfairly discriminatory.
2. Risks with substantially similar risk characteristics must be placed in the same company.
3. The relative difference in rate level between companies must be clearly stated in the filing memorandum.
4. A multiple company tier-rating plan must clearly set forth the agent commission scale used in each company.
5. Differences in agent commission may, along with other expected risk or expense differences, contribute to the difference in rate level between companies.
6. The difference in rate level between companies must be substantively greater than the difference in underlying agent commission and reflect the expected difference in risk.
7. A multiple company tier-rating plan where agent commission or credit scoring is the sole characteristic that differentiates rate level between tiers is not in the public's best interest.

### **Individual Risk Filing**

The following guidelines should assist a filer with individual risk filings:

- ◆ An individual risk filing must be submitted to the LIRC.

- ◆ Though no statutory time frame is defined, the LIRC considers a submission within 60 days after the effective date of the policy to be reasonable.
- ◆ Property filings will be placed on the LIRC agenda for action by the LIRC.

The individual risk filing packet should include the following:

1. A cover letter from the insurer, on company letterhead, submitting the individual risk filing to the LIRC
2. A stamped, self-addressed return envelope
3. The original and one copy of the individual risk letter must be submitted. The letter must be from the insurer to the LIRC clearly stating why the policy is being rated in this manner
4. The filing packet must include:
  - The filing cover letter,
  - The rating worksheet outlining the basis for the quoted premium,
  - The declaration page
5. The letter must contain:
  - ◆ The name of the insured,
  - ◆ The name of the insurer writing the risk,
  - ◆ The line of business,
  - ◆ If applicable, the sub-line or program under which the policy is written,
  - ◆ The policy number,
  - ◆ The policy effective date,
  - ◆ The policy term,
  - ◆ The manual rating factors and premium,
  - ◆ The reason that the policy is individual risk rated.
6. For each individual risk policy, a copy of the premium worksheet must be submitted must be included in the filing packet. The premium worksheet is for the manual rate that would have applied if the risk could be so rated. If the risk cannot be manually rated, the premium worksheet can be omitted.

### **Consent-to-Rate Filing**

The following guidelines should assist a filer with consent-to-rate filings:

- ◆ A consent-to-rate filing must be submitted to the LIRC.
- ◆ Though no statutory time frame is defined, the LIRC considers a submission within 60 days after the effective date of the policy to be reasonable.

- ◆ Consent-to-rate property filings must be approved by the LIRC. Upon receipt, property consent-to-rate filings will be acknowledged and placed on the next available agenda. An action letter will be issued after the LIRC meeting at which the filing was acted upon.
- ◆ All liability consent-to-rate filings are handled administratively. Such filings will not be placed on an LIRC agenda. LIRC staff will issue a letter of acknowledgement.

The consent-to-rate filing packet should include the following:

1. A cover letter from the insurer, on company letterhead, submitting the consent-to-rate filing to the LIRC.
2. A single filing packet can contain more than one consent-to-rate policy. In this case, the cover letter from the insurer must include a listing of policy numbers included in the filing packet.
3. A stamped, self-addressed return envelope.
4. For each consent-to-rate policy included in the filing packet, the original and one copy of the Consent-to-Rate Letter must be submitted. The consent-to-rate Letter must be from the insured to the insurer and clearly request the consented rate. Both the insured and a representative of the insurance company must sign the consent-to-rate letter. The letter can be on the insured's letterhead or a blank (i.e., no letterhead) sheet of paper. The letter must not be on insurer letterhead.

Note that a Consent-to-Rate Letter is not approved by the DOI or LIRC because it is not a "form" as defined in the Insurance Code.

5. For each consent-to-rate policy included in the filing packet, the Consent-to-Rate Letter must contain:
  - ◆ The name of the insured,
  - ◆ The name of the insurer writing the risk,
  - ◆ The line of business,
  - ◆ If applicable, the sub-line or program under which the policy is written,
  - ◆ The policy number,
  - ◆ The policy effective date,
  - ◆ The policy term,
  - ◆ The manual premium,
  - ◆ The consented premium,
  - ◆ The reason that the policy is consent-to-rated.
7. For each consent-to-rate policy included in the filing packet, a copy of the declaration page must be submitted along with two signed Consent-to-Rate letters both with original signatures.
8. For each consent-to-rate policy included in the filing packet, a copy of the premium worksheet must be submitted. The premium worksheet is for the manual rate that would have applied if the risk could be so rated. If the risk cannot be manually rated, the

premium worksheet can be omitted. In this case, the Consent-to-Rate Letter for that policy should state this as a reason.

If all of the above information is not furnished, IRD staff will send a letter requesting the missing information. The consent-to-rate filing will be placed in abeyance and will not be approved until the information is received. During this time, the insurer is subject to all applicable insurance laws regarding the use of approved rates and rules.

All materials furnished in a consent-to-rate filing packet will be retained by the IRD; the additional *Consent-to-Rate Letter* will be stamped "APPROVED <date> LA. OFFICE OF PROPERTY AND CASUALTY" and returned to the Company in the stamped, self-addressed envelope provided.

9. Approval of a consent-to-rate filing does not imply forms approval. Forms used to issue a consent-to-rate policy must be filed in accordance with DOI form filing guidelines and adhere to all applicable insurance statutes, regulations, and rules.

## **Installment Plan**

This section applies to installment plans and direct bill plans that charge a nominal fee to process the billing. All installment plan filings are to be submitted separately. If they are included in another rate or rule filing, the filer will receive a letter from IRD staff asking that the filing be amended to exclude the installment plan and make such filing under separate cover.

The LIRC has established the following installment plan guidelines. A filer can expedite the approval of an installment plan by adhering to these guidelines. To the extent that these guidelines are not met, the filer should be prepared to discuss with the IRD staff and/or LIRC, in detail, the proposed plan and how exceptions to these guidelines will benefit the Louisiana consumer.

1. An initial filing or revision to an installment plan must provide adequate support for the proposed installment charge. Support can include statistical, actuarial or other experience in support of the proposed charge.
2. For personal lines, the LIRC finds that a maximum of eleven (11) installment payments per 12-month period is reasonable. Further, the LIRC finds that a maximum charge of \$6.00 per installment totaling \$66.00 annually is reasonable.
3. For commercial lines, the LIRC finds that a maximum of eleven (11) installment payments per 12-month period is reasonable. Further, the LIRC finds that a maximum charge of \$10.00 per installment totaling \$110.00 annually is reasonable.
4. Installment plans must comply with all Louisiana statutes.
5. If a filer requests installment charges outside these guidelines, the filer should be prepared to receive disapproval for the proposed program.

## **LIRC EXHIBITS AND COMPONENTS**

This section provides a description of exhibits and components to be included in LIRC filings. The following explanation and instructions is intended to assist the filer in putting together a

filing packet and should expedite the approval process. However, we realize that a filer may need assistance or require special consideration in order to provide the LIRC with the requested information. Questions regarding content or format should be directed to IRD staff.

This section includes special LIRC exhibits that may be required to be included in a filing. Guidance as to whether to include these exhibits in a filing packet is found in the narrative of this document. Note that electronic versions of the data exhibits are available from the Louisiana Department of Insurance's web site (<http://www.lidi.la.gov>).

## Cover Letter

The cover letter should be constructed as follows:

1. The cover letter should be addressed to the Deputy Commissioner of the Office of Property and Casualty.
2. The letter must be on official company or company group letterhead that includes the return address.
3. The reference lines of the cover letter should include the following:
  - a. Filer (name of company affected by the filing).
  - b. Line of Business (use annual statement, page 15, as a guide) or Louisiana Product Code
    - ◆ It is advised that individual lines of business be filed separately. If multiple lines of business are included within a single filing, the LIRC may request that they be separated.
  - c. If the entire line of business is not affected by the filing, name the subprogram covered by the filing.
  - d. If applicable, the risk purchasing group on whose behalf the filing is made.
  - e. It is advised that unrelated programs be filed separately.
  - f. The company's filing reference number.
4. The body of the cover letter should include:
  - a. A brief statement as to the purpose of the filing. If it is a replacement of an existing filing, changes to the previously approved program should be clearly documented in the Filing Memorandum.
  - b. If applicable, the rate revision filing provision
    - i. Flex Band,
    - ii. 90-day Workers' Compensation File and Use, or
    - iii. LIRC Prior Approval.
5. The signature section of the cover letter must include the contact person's name, signature, phone number, fax number and e-mail address.

## **Property and Casualty Filing Transmittal Form**

The LIRC will accept either version of the form, the National Association of Insurance Commissioners (NAIC) version or the Louisiana Department of Insurance (LDOI) version of the Transmittal Document. Pages 1 and 2 provide general filing information and page 4 provides rate and rule filing information.

### **Adoption of Loss Costs**

LIRC Exhibit C.1 - Adoption of Prospective Loss Costs Without Expense Constant ("Exhibit C.1") should be completed when a filer is adopting or modifying a rating organization's loss cost filing and is using an LCM without an expense constant.

- ◆ Use Exhibit C.1 to adopt loss costs without an expense constant.
- ◆ Use Exhibit C.2 to adopt loss costs with an expense constant.

LIRC Exhibit C.2 - Adoption of Rate Service Organization Prospective Loss Costs ("Exhibit C.2") is the same as Exhibit C.1 except that Exhibit C.2 adopts loss costs with an LCM without an expense constant.

### **Rate Change Comparison for Private Passenger Automobile**

LIRC Exhibit D - Louisiana Rate Change Comparison for Private Passenger Automobile is a comparison of the company's rates before and after the proposed rate revision.

- ◆ The LIRC requires Exhibit E for all rate revisions for private passenger automobile coverage. The exhibits compare rates for six risk classifications in the five metropolitan areas of the state.

### **Rate Change Comparison for Homeowners**

LIRC Exhibit E - Louisiana Rate Change Comparison for Homeowners is a comparison of the company's rates before and after the proposed rate revision.

- ◆ The LIRC requires Exhibit E for all rate revisions for homeowners' coverage. The exhibits compare rates for six risk classifications in the five metropolitan areas of the state.

### **Louisiana Operating Ratios**

LIRC Exhibit F - Louisiana Operating Results is an operating exhibit. It reflects the insurer's profit or loss on business written in Louisiana.

- ◆ The LIRC requires Exhibit F when a company has Louisiana earned premium exceeding \$6 million, in aggregate, over the most recent three calendar years.
- ◆ Exhibit F should reflect direct business only, i.e., not include any reinsurance. This includes reinsurance with third parties as well as inter-company pooling arrangements within a company group.

- ◆ Exhibit F premium and loss experience should only reflect business affected by the filing. If this is not feasible, the filer should provide Exhibit F experience for the closest line or sub-line available and note this fact on the exhibit.
- ◆ Exhibit F expense and income experience should reflect only the Louisiana business affected by the filing. If necessary, Louisiana expenses or income can be approximated from data aggregated at a higher level. Examples are: countrywide experience, group experience, or annual statement line of business. If Louisiana expenses or income is approximated, it should be noted on the exhibit.
- ◆ If more than one company is represented in the filing, Exhibit F should reflect the consolidated experience of all companies named in the filing. Though acceptable, Exhibit F can be submitted for each company individually as long as a consolidated Exhibit F is provided.

### **Louisiana Rate Revision Questionnaire**

LIRC Exhibit H - Rate Revision Questionnaire breaks down the overall statewide average rate revision, by filing, into a distribution of policyholders across percent change increments.

- ◆ Exhibit H must be submitted with all private passenger automobile, homeowner and medical professional liability rate revision filings.
- ◆ For all other lines of business, Exhibit H must be submitted upon departmental request.
- ◆ Each increment represents the number of policyholders who would realize a change in premium within the incremental percentage range. The increments flow from the minimum realized change to the maximum realized change in 5-point ranges.
- ◆ When measuring the percent change on policyholder premiums, all proposed changes must be considered. This includes, but is not limited to, changes in base premiums, policy fees, limit tables, deductibles, etc.
- ◆ The distribution should reflect the filer's current book of business. If an accurate measure is not feasible, an estimate can be submitted. However, if estimates are used, the documentation should clearly reflect this fact.

### **Louisiana Territorial Revision Questionnaire**

LIRC Exhibit I - Territorial Revision Questionnaire displays, in tabular form, the effect that the overall statewide rate revision, will have on each of the insurer's territories.

- ◆ Exhibit I must be completed for all private passenger automobile and homeowners filings.
- ◆ For all other lines of business, Exhibit I must be submitted upon departmental request.
- ◆ Exhibit I must be completed for each company included in the filing.

### **Louisiana Medical Malpractice Filing Questionnaire**

LIRC Exhibit J - Medical Malpractice Filing Questionnaire displays, in tabular form, the effect that the overall statewide rate revision will have on each of the insurer's medical professional liability classifications.



## ACTIVE BULLETINS

<b>LIRC Bulletin</b>	<b>Status</b>	<b>Audience</b>	<b>Subject</b>
93-05	Active	P & C Insurers	Various statutes identified
Clarification of 93-05	Active	P & C Insurers	Clarification of 93-05
94-03	Active	P & C Insurers	Policy forms approval, punitive and/or exemplary damages, liquor liability
94-07	Active	Surplus Lines Brokers	Recession of Directive 122, 94-05, and 94-05 Revised
95-01 Revised	Active	P & C Insurers	Revised pleasure boat guidelines
95-06	Active	Group Self-Insurance Funds Workers' Compensation	Filing procedures for group self-insurance funds
96-01	Active	P & C Insurers	Compulsory liability
96-02	Active	P & C Insurers	Policy auditing guidelines
96-03	Active	P & C Insurers	Tort reform notice
96-04	Active	P & C Insurers	Motor vehicle liability minimum limits
96-05	Active	P & C Insurers	Tort reform study
96-06	Active	P & C Insurers	Rate Reductions based on Tort Reforms
97-03	Active	P & C Insurers	Act 1476 - Omnibus Premium Reduction Act of 1997
97-04	Active	P & C Insurers	Postponement of Rate Reduction Day
97-05	Active	P & C Insurers	Automobile related Legislation
97-06	Active	P & C Insurers	Mobile & Manufactured Home related Legislation
97-07	Active	P & C Insurers	Private Passenger Automobile Policy Auditing Procedures
98-01	Active	P & C Insurers	Act 1476 - Omnibus Premium Reduction Act of 1997
98-02	Active	P & C Insurers	Act 1476 - Omnibus Premium Reduction Act of 1997
98-03	Active	P & C Insurers	Act 1476 - Omnibus Premium Reduction Act of 1997
98-04	Active	P & C Insurers	Use of Year 2000 Endorsements and Exclusions
98-05	Active	P & C Insurers	Confirmation of Insured Status for Claimant Under Act 1476, "No Pay, No Play"
98-06	Active	P & C Insurers	Availability of Act 1476 Contact

<b>LIRC Bulletin</b>	<b>Status</b>	<b>Audience</b>	<b>Subject</b>
			List Information
99-02	Active	P & C Insurers	Computer Model Interrogatories
00-01 Official Order	Active	P & C Insurers	Adoption of Policy Fee Approval Standards
00-02	Active	P & C Insurers	Changes in Auditing Procedures
00-04	Active	P & C Insurers	Experience Modifier Issued by the Department of Insurance
01-01	Active	P & C Insurers	Experience Modifier Issued by the Department of Insurance - Additional Information
2001-02	Active	P & C Insurers	Recession of Schedule Rating Plan Experience Filing Requirement
2002-01	Active	P & C Insurers	Manual Pages
2002-02	Active	P & C Insurers	Office of Property & Casualty overview
2003-01	Active	P & C Insurers	Supplemental Filing Exhibits
2003-02	Active	P & C Insurers	Credit Information for Personal Insurance
2003-03	Active	P & C Insurers	Flexible Rating

# Louisiana Department of Insurance

**Physical Address**

1702 North Third Street  
Baton Rouge, Louisiana 70802

**Mailing Address**

Post Office Box 94214  
Baton Rouge, Louisiana 70804-9214

## Property & Casualty Transmittal Document

(Form Filings and Rate/Rule Filings are to be made separately)

**1. Reserved for Insurance Department Use Only****2. Insurance Department Use only**

- a. Date the filing is received:  
b. Examiner:  
c. Date Assigned:  
d. Disposition:  
e. Date of Disposition of the filing:  
f. State Filing No.:  
g. SERFF Filing No.:

3.	Group Name	Group NAIC No.		
4.	Company Name(s)	Domicile	NAIC No.	FEIN No.

**5. Company Tracking Number**

Contact Info of Filer(s) or Corporate Officer(s) [include toll-free number]

6.	Name and address	Title	Telephone No.	FAX No.	E-mail

Filing information (see General Instructions for descriptions of these fields)

7.	State Specific Product code(s)			
8.	Program Title (Marketing title)			
9.	Filing Type	<input type="checkbox"/> Rate/Loss Cost <input type="checkbox"/> Rules <input type="checkbox"/> Rates/Rules <input type="checkbox"/> Forms <input type="checkbox"/> Withdrawal <input type="checkbox"/> Other (give description)		<input type="checkbox"/> Initial Filing  <input type="checkbox"/> Revised Filing
10.	Effective Date(s) Requested	New:	Renewal:	
11.	Adoption Filing?	<input type="checkbox"/> No <input type="checkbox"/> Yes	<input type="checkbox"/> Non-Adoption	
12.	Name of Filing Organization			
13.	Filing Identification No. & Title			
14.	Submittal Date of Filing			
15.	Status of filing in domicile	<input type="checkbox"/> Not Filed <input type="checkbox"/> Pending <input type="checkbox"/> Authorized <input type="checkbox"/> Disapproved		

## Property & Casualty Transmittal Document

16.	This filing transmittal is associated with Company Tracking No.	
-----	---	--

17.	Filing Description - This area should be similar to the body of a cover letter and is free-form text
-----	--

18.	Filing Fees – demonstrate how you calculated the filing fees
<p>Number of Products: Check Number: Amount:</p> <p><b><i>PLEASE ATTACH CHECK TO COVER LETTER</i></b></p>	

# FORM FILING SCHEDULE

This form must be completed for all form filings  
(Does not apply to adoptions)

1.	This filing transmittal is associated with Company Tracking No.				
2.	This filing corresponds to rate/rule filing number (Company tracking number of rate/rule filing, if applicable)				
3.	Form Name /Description/Synopsis	Form No. Include edition Date	Replacement, Withdrawn or New	If replacement, give form No. it replaces	Previous LA DOI filing number
01			<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input type="checkbox"/> New		
02			<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input type="checkbox"/> New		
03			<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input type="checkbox"/> New		
04			<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input type="checkbox"/> New		
05			<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input type="checkbox"/> New		
06			<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input type="checkbox"/> New		
07			<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input type="checkbox"/> New		
08			<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input type="checkbox"/> New		
09			<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input type="checkbox"/> New		
10			<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input type="checkbox"/> New		

To be complete, a form filing must include the following:

1. Required filing fee, per product, per insurance company; required filing fee per endorsement filing; per insurance company; or required filing fee per filing adoption, per designation, per insurance company;
2. A completed Transmittal document (LA DOI – PCTD);
3. A completed Form Filing Schedule Document (PC FFS);
4. Forms filed for approval;
5. Statement of Compliance for said product(s);
6. Duplicate set of the policy forms filing, as filed for approval;
7. Explanation of any rate/rule impact, with a copy of any rate/rule approval letters issued by the department, if none, so state; and
8. Stamped, self-addressed envelope of sufficient size for use in returning the company's set of the policy forms filed, unless filed electronically.

## RATE/RULE FILING SCHEDULE

(This form must be provided ONLY when making a filing that includes rate-related items such as Rate; Rule; Rate & Rule; Reference; Loss Cost; Loss Cost & Rule or Rate, etc.)

**(Do not refer to the body of the filing for the component/exhibit listing.)**

<b>1.</b>	<b>This filing transmittal is associated with Company Tracking No.</b>	
-----------	--	--

<b>2.</b>	<b>This filing corresponds to form filing number</b> (Company tracking number of form filing, if applicable)	
-----------	---	--

☐ Rate Increase    
 ☐ Rate Decrease    
 ☐ Rate Neutral (0%)    
 ☐ Rule Filing

<b>3.</b>	<b>Overall percentage rate impact for this filing</b>	
-----------	---	--

<b>4.</b>	<b>Effect of Rate Filing – Written premium change for this program</b>	
-----------	--	--

<b>5.</b>	<b>Effect of Rate Filing – Number of policyholders</b>	
-----------	--	--

<b>6.</b>	<b>Filing Method (Prior Approval, File &amp; Use, Flex Band, etc.)</b>	
-----------	--	--

<b>7.</b>	<b>Rate Change by Company</b>		
-----------	-------------------------------	--	--

Company Name	Percentage Change	Effect of Rate Filing	
		No. of policyholders for this program	Written premium change for this program

<b>8.</b>	<b>Overall percentage of last rate revision</b>	
-----------	---	--

<b>9.</b>	<b>Effective Date of last rate revision</b>	
-----------	---	--

<b>10.</b>	<b>Filing Method of Last filing</b> (Prior Approval, File & Use, Flex Band, etc.)	
------------	--	--

11.	Exhibit Name/Description /Synopsis	Rule No. or Page	Replacement or withdrawn?	Previous LA DOI filing number
01			<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input type="checkbox"/> Neither	
02			<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input type="checkbox"/> Neither	
03			<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input type="checkbox"/> Neither	
04			<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input type="checkbox"/> Neither	
05			<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input type="checkbox"/> Neither	

To be complete, a rate/rule filing must include the following:

1. A completed Rate/Rule Filing Transmittal document (PC RRS) (Do not refer to the body of the filing for the component/exhibit listing.)
2. A completed Property & Casualty Transmittal Document (LA DOI PC TD)
3. One copy of all rate/rule components/exhibits submitted with the filing
4. The appropriate state review requirements, if required
5. The appropriate filing fees, if required
6. A postage-paid, self-addressed envelope large enough to accommodate the return.

**EXHIBIT A.1  
LOUISIANA EXPERIENCE ONLY**

Filing Company(ies): \_\_\_\_\_  
 Line of Business and program: \_\_\_\_\_  
 Coverage(s): \_\_\_\_\_

**EXPERIENCE UNDERLYING RATE REVISION FILING**

(All Data should be submitted on a Direct Accident Year Basis Net of Salvage and Subrogation.)

**Accident Year Data Evaluated as of:** \_\_\_\_\_

The data for each Accident Year MUST be given in full 12 Month Accident Years ending December 31.							ALL YEARS  COMBINED
Calendar Accident Year		Calendar Accident Year	Calendar Accident Year	Calendar Accident Year	Calendar Accident Year	Calendar Accident Year	
1/1 through 12/31 of (Latest Year - 4)		1/1 through 12/31 of (Latest Year - 3)	1/1 through 12/31 of (Latest Year - 2)	1/1 through 12/31 of (Latest Year - 1)	1/1 through 12/31 of (Latest Year)		
<b>TOTAL TRENDED ON LEVEL EARNED PREMIUM CALCULATION</b>							
(1)	WRITTEN PREMIUM	\$	\$	\$	\$	\$	\$
(2)	EARNED PREMIUM	\$	\$	\$	\$	\$	\$
(3)	POLICY FEES	\$	\$	\$	\$	\$	\$
(4)	INSTALLMENT FEES	\$	\$	\$	\$	\$	\$
(5)	OTHER FEES AND CHARGES	\$	\$	\$	\$	\$	\$
(6)	TOTAL EARNED PREMIUM (2 + 3 + 4 + 5)	\$	\$	\$	\$	\$	\$
(7)	CURRENT RATE LEVEL FACTOR						
(8)	ADJUSTED EARNED PREMIUM (6 x 7)	\$	\$	\$	\$	\$	\$
(9)	PREMIUM TREND FACTOR						
(10)	TRENDED EARNED PREMIUM (8 x 9)	\$	\$	\$	\$	\$	\$
<b>EXPENSES AND INVESTMENT INCOME</b>							
(11)	INCURRED ADJUSTING AND OTHER EXPENSES (OR ULAE)	\$	\$	\$	\$	\$	\$
(12)	INCURRED DEFENSE AND COST CONTAINMENT EXPENSES (OR ALAE)	\$	\$	\$	\$	\$	\$
(13)	UNDERWRITING EXPENSE RATIO <sup>A</sup>						
(14)	INVESTMENT INCOME RATIO <sup>B</sup>						
<b>ULTIMATE UNDERWRITING RATIO CALCULATION</b>							
(15)	PAID LOSS (EXCLUDING ALL LAE)	\$	\$	\$	\$	\$	\$
(16)	CASE RESERVES (EXCLUDING ALL LAE)	\$	\$	\$	\$	\$	\$
(17)	INCURRED LOSS (EXCLUDING ALL LAE) (15 + 16)	\$	\$	\$	\$	\$	\$
(18)	INCURRED LOSS RATIO (EXCLUDING ALL LAE) ( 17 / 6 )						
(19)	INCURRED LOSS DEVELOPMENT FACTOR						
(20)	ULTIMATE COMBINED RATIO (((17 + 12) x 19) + 11)/6 + 13)						
<b>ADJUSTED AND PROJECTED OPERATING RATIO CALCULATION</b>							
(21)	INCURRED CATASTROPHE LOSSES (EXCLUDING ALL LAE) {Optional}	\$	\$	\$	\$	\$	\$
(22)	INCURRED SHOCK LOSSES (EXCLUDING ALL LAE) <sup>C</sup> {Optional}	\$	\$	\$	\$	\$	\$
(23)	EXPECTED CATASTROPHE INCURRED LOSSES (EXCLUDING ALL LAE) {Optional}	\$	\$	\$	\$	\$	\$
(24)	EXPECTED SHOCK INCURRED LOSSES (EXCLUDING ALL LAE) {Optional}	\$	\$	\$	\$	\$	\$
(25)	LOSS TREND FACTOR						
(26)	ADJUSTED AND PROJECTED ULTIMATE LOSS + LAE (((17 - 21 - 22 + 12) x 19) + 23 + 24 + 11) x 25)	\$	\$	\$	\$	\$	\$
(27)	ADJUSTED AND PROJECTED OPERATING RATIO ((26 / 10) + 13 - 14)						

<sup>A</sup>: Underwriting Expense Ratio is defined in this exhibit as all underwriting expenses (excluding loss adjustment expenses, profit, and investment income) to premiums.

<sup>B</sup>: Investment Income Ratio is defined in this exhibit as the total incurred calendar year return on all investments to earned premium.

<sup>C</sup>: Any other large, unexpected losses.

**EXHIBIT A.2  
COUNTRYWIDE EXPERIENCE ONLY**

Filing Company(ies): \_\_\_\_\_  
 Line of Business and program: \_\_\_\_\_  
 Coverage(s): \_\_\_\_\_

**EXPERIENCE UNDERLYING RATE REVISION FILING**

(All Data should be submitted on a Direct Accident Year Basis Net of Salvage and Subrogation.)

**Accident Year Data Evaluated as of:** \_\_\_\_\_

The data for each Accident Year MUST be given in full 12 Month Accident Years ending December 31.						
	Calendar Accident Year	Calendar Accident Year	Calendar Accident Year	Calendar Accident Year	Calendar Accident Year	ALL YEARS
	1/1 through 12/31 of (Latest Year - 4)	1/1 through 12/31 of (Latest Year - 3)	1/1 through 12/31 of (Latest Year - 2)	1/1 through 12/31 of (Latest Year - 1)	1/1 through 12/31 of (Latest Year)	COMBINED
<b>TOTAL TRENDED ON LEVEL EARNED PREMIUM CALCULATION</b>						
(1) WRITTEN PREMIUM	\$	\$	\$	\$	\$	\$
(2) EARNED PREMIUM	\$	\$	\$	\$	\$	\$
(3) POLICY FEES	\$	\$	\$	\$	\$	\$
(4) INSTALLMENT FEES	\$	\$	\$	\$	\$	\$
(5) OTHER FEES AND CHARGES	\$	\$	\$	\$	\$	\$
(6) TOTAL EARNED PREMIUM (2 + 3 + 4 + 5)	\$	\$	\$	\$	\$	\$
(7) CURRENT RATE LEVEL FACTOR						
(8) ADJUSTED EARNED PREMIUM (6 x 7)	\$	\$	\$	\$	\$	\$
(9) PREMIUM TREND FACTOR						
(10) TRENDED EARNED PREMIUM (8 x 9)	\$	\$	\$	\$	\$	\$
<b>EXPENSES AND INVESTMENT INCOME</b>						
(11) INCURRED ADJUSTING AND OTHER EXPENSES (OR ULAE)	\$	\$	\$	\$	\$	\$
(12) INCURRED DEFENSE AND COST CONTAINMENT EXPENSES (OR ALAE)	\$	\$	\$	\$	\$	\$
(13) UNDERWRITING EXPENSE RATIO <sup>A</sup>						
(14) INVESTMENT INCOME RATIO <sup>B</sup>						
<b>ULTIMATE UNDERWRITING RATIO CALCULATION</b>						
(15) PAID LOSS (EXCLUDING ALL LAE)	\$	\$	\$	\$	\$	\$
(16) CASE RESERVES (EXCLUDING ALL LAE)	\$	\$	\$	\$	\$	\$
(17) INCURRED LOSS (EXCLUDING ALL LAE) (15 + 16)	\$	\$	\$	\$	\$	\$
(18) INCURRED LOSS RATIO (EXCLUDING ALL LAE) ( 17 / 6 )						
(19) INCURRED LOSS DEVELOPMENT FACTOR						
(20) ULTIMATE COMBINED RATIO (((17 + 12) x 19) + 11)/6 + 13)						
<b>ADJUSTED AND PROJECTED OPERATING RATIO CALCULATION</b>						
(21) INCURRED CATASTROPHE LOSSES (EXCLUDING ALL LAE) {Optional}	\$	\$	\$	\$	\$	\$
(22) INCURRED SHOCK LOSSES (EXCLUDING ALL LAE) <sup>C</sup> {Optional}	\$	\$	\$	\$	\$	\$
(23) EXPECTED CATASTROPHE INCURRED LOSSES (EXCLUDING ALL LAE) {Optional}	\$	\$	\$	\$	\$	\$
(24) EXPECTED SHOCK INCURRED LOSSES (EXCLUDING ALL LAE) {Optional}	\$	\$	\$	\$	\$	\$
(25) LOSS TREND FACTOR						
(26) ADJUSTED AND PROJECTED ULTIMATE LOSS + LAE (((17 - 21 - 22 + 12) x 19) + 23 + 24 + 11) x 25)	\$	\$	\$	\$	\$	\$
(27) ADJUSTED AND PROJECTED OPERATING RATIO ((26 / 10) + 13 - 14)						

**A:** Underwriting Expense Ratio is defined in this exhibit as all underwriting expenses (excluding loss adjustment expenses, profit, and investment income) to premiums.

**B:** Investment Income Ratio is defined in this exhibit as the total incurred calendar year return on all investments to earned premium.

**C:** Any other large, unexpected losses.



## EXHIBIT B

### CHECKLIST FOR CONSIDERATIONS IN ACTUARIAL SUPPORT

Each company should provide actuarial support for its overall requested rate change based upon its Louisiana experience, to the extent credible. The company can follow any sound actuarial methodology to determine the indicated change. Companies can supplement their Louisiana experience with information believed to be reasonably similar. It is not acceptable to adopt a rating organization's loss costs without due consideration being given to the company's own experience.

**Check each item which is applicable to this filing's actuarial calculations or supporting exhibits. Each item considered should be explained in an attached actuarial memorandum. RETURN A CHECKED COPY OF THIS FORM WITH EACH RATE FILING.**

- ☐ Actuarial memorandum is attached
- ☐ Actuarial methodology is described
- ☐ This filing represents a change in actuarial methodology since last filing
- ☐ Actuarial methodology considered Louisiana experience
- ☐ Actuarial methodology considered multi-state experience
- ☐ Actuarial methodology considered countrywide experience
- ☐ 3-years of Louisiana underwriting expense experience is attached
- ☐ 3-years of countrywide underwriting expense experience is attached
- ☐ 3-years of countrywide loss adjustment expense experience is attached
- ☐ Current rate level calculation is attached
- ☐ Premium trend calculation is attached
- ☐ Current benefit level calculation is attached
- ☐ Salvage and subrogation offsets are included in actuarial experience
- ☐ Excess or large loss adjustment is attached
- ☐ Catastrophic loss adjustment is attached
- ☐ Hurricane modeling interrogatories are attached or on-file with the LIF
- ☐ Consideration of reinsurance arrangements and their impact on rates is attached
- ☐ Loss development calculation is attached
- ☐ Credibility methodology and formulas are described in actuarial memorandum
- ☐ Calculation of investment income attributable to policyholder surplus is attached
- ☐ Loss trend calculation is attached
- ☐ Actuarial support for territorial revisions are attached
- ☐ Actuarial support for classification revisions are attached
- ☐ Actuarial support for expense constant revision is attached
- ☐ Actuarial support for minimum premium revisions are attached
- ☐ Actuarial support for policy fee (or similar charges) revision is attached
- ☐ Other considerations (describe each in the actuarial memorandum)

## Exhibit C.1

Company Name: \_\_\_\_\_

NAIC Number: \_\_\_\_\_

1. Rating Service filing reference number (s): \_\_\_\_\_

2. Line, Subline, Coverage, Class, etc. - combination to which this page applies:

\_\_\_\_\_

3. Loss Cost Modification

A. The insurer hereby files to adopt the prospective loss costs in the captioned reference filing:  
(CHECK ONE)

☐

Without modification (factor = 1.00)

☐

With the following modification(s). (Cite the nature and percent modification,  
and attach support data and/or rationale for the modification.)

\_\_\_\_\_

\_\_\_\_\_

B. Loss cost Modification Expressed as a Factor

(i.e., -10% =  $1.00 - 0.10 = 0.90$  or +15% =  $1.00 + 0.15 = 1.15$ )

\_\_\_\_\_

**NOTE: IF EXPENSE CONSTANTS ARE UTILIZED, ATTACH "EXPENSE CONSTANT SUPPLEMENT" OR OTHER SUPPORTING INFORMATION. DO NOT COMPLETE ITEMS 3 - 7 BELOW.**

4. Development of Expected Loss Ratio. (Attach exhibit detailing insurer expense data and/or other supporting information.)

A. Commission & Brokerage

B. Other Acquisition

C. General Expense

D. Taxes, Licenses & Fees

E. Underwriting Profit & Contingencies

F. Investment Income Offset

G. Other (explain)

H. TOTAL

### Selected Provisions

	%
	%
	%
	%
	%
	%
	%
	%
	%
	%

5. A. Expected Loss Ratio:  $ELR = 100\% - 3F =$

B. ELR in decimal form =

6. Company Formula Loss Cost Multiplier:  $(3B/5B) =$

7. Company Selected Loss Cost Multiplier =

Explain any differences between 6 and 7

\_\_\_\_\_

\_\_\_\_\_

8. Rate level change for the coverages to which this page applies

\_\_\_\_\_%

## Exhibit C.2

Company Name: \_\_\_\_\_  
NAIC Number: \_\_\_\_\_

1. Rating Service filing reference number (s): \_\_\_\_\_
2. Line, Subline, Coverage, Class, etc. - combination to which this page applies: \_\_\_\_\_

3. Loss Cost Modification

- A. The insurer hereby files to adopt the prospective loss costs in the captioned reference filing:  
(CHECK ONE)

- ☐ Without modification (factor = 1.00)
- ☐ With the following modification(s). (Cite the nature and percent modification, and attach support data and/or rationale for the modification.)

\_\_\_\_\_  
\_\_\_\_\_

- B. Loss cost Modification Expressed as a Factor  
(i.e., -10% = 1.00 - 0.10 = 0.90 or +15% = 1.00 + 0.15 = 1.15)

\_\_\_\_\_

**NOTE: IF EXPENSE CONSTANTS ARE UTILIZED, ATTACH "EXPENSE CONSTANT SUPPLEMENT" OR OTHER SUPPORTING INFORMATION. DO NOT COMPLETE ITEMS 3 - 7 BELOW.**

4. Development of Expected Loss Ratio. (Attach exhibit detailing insurer expense data and/or other supporting information.)

	Selected Provisions		
	Overall	Variable	Fixed
A. Commission & Brokerage	_____	_____	_____ %
B. Other Acquisition	_____	_____	_____ %
C. General Expense	_____	_____	_____ %
D. Taxes, Licenses & Fees	_____	_____	_____ %
E. Underwriting Profit & Contingencies	_____	_____	_____ %
F. Investment Income Offset	_____	_____	_____ %
G. Other (explain)	_____	_____	_____ %
H. TOTAL	_____	_____	_____ %

5. A. Expected Loss Ratio:  $ELR = 100\% - 3F =$  \_\_\_\_\_  
B. ELR in decimal form = \_\_\_\_\_  
C. Variable Expected Loss Ratio (VELR = 100% - Total Variable 4H) \_\_\_\_\_  
D. VELR expressed in decimal form (5C / 100) \_\_\_\_\_
6. Average prospective loss cost underlying this adoption filing: \_\_\_\_\_
7. A. Formula Expense Constant  $(((1.00/5B) - (1.00/5D)) \times 6)$  \_\_\_\_\_  
B. Formula Variable Loss Cost Multiplier (3C/5D) \_\_\_\_\_
8. A. Selected Expense Constant \_\_\_\_\_  
B. Selected Variable Loss Cost Multiplier = \_\_\_\_\_  
Explain any differences between 7 and 8 \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

8. Rate level change for the coverages to which this page applies \_\_\_\_\_ %

**LIRC Exhibit D.1 - Automobile  
Six-month rate**

Married Male (30 years old)  
No accident or tickets  
Principal operator  
Drives 1 year old model  
Ford Explorer, XLT, 6-cylinder SOHC

10/20/10 Liability Coverage  
Drives 30 miles roundtrip to work  
12,500 miles annually

<u>City</u>	<u>Present Premium</u>	<u>Proposed Premium</u>	<u>Change (+ or -)</u>	<u>Percent Change</u>
Alexandria				
Baton Rouge				
Lafayette				
Lake Charles				
Monroe				
New Orleans				
Shreveport				
Rural (Remainder of State)				
Indicated Increase				
Requested Increase				
Premium Increase				
Last Rate Revision				
Last Rate Increase				
Effective Date				

**LIRC Exhibit D.2 - Automobile  
Six-month rate**

**Married Female (30 years old)**

**No accident or tickets**

**Principal operator**

**Drives 1 year old model**

**Honda Accord, LX, 4-door sedan, 6-cylinder**

**10/20/10 Liability Coverage**

**Drives 10 miles roundtrip to work**

**7,500 miles annually**

<u>City</u>	<u>Present Premium</u>	<u>Proposed Premium</u>	<u>Change (+ or -)</u>	<u>Percent Change</u>
Alexandria				
Baton Rouge				
Lafayette				
Lake Charles				
Monroe				
New Orleans				
Shreveport				
Rural (Remainder of State)				
Indicated Increase				
Requested Increase				
Premium Increase				
Last Rate Revision				
Last Rate Increase				
Effective Date				

**LIRC Exhibit D.3 - Automobile  
Six-month rate**

Single Male (18 years old)  
Two at-fault accidents  
Principal operator  
Drives 3 year old model  
Ford 150 Pickup, 2-door; extended cab, V8

10/20/10 Liability Coverage  
Drives 20 miles roundtrip to work  
12,500 miles annually  
Non-Student  
Licensed 3 years, completed drivers ed.

<u>City</u>	<u>Present Premium</u>	<u>Proposed Premium</u>	<u>Change (+ or -)</u>	<u>Percent Change</u>
Alexandria				
Baton Rouge				
Lafayette				
Lake Charles				
Monroe				
New Orleans				
Shreveport				
Rural (Remainder of State)				
Indicated Increase				
Requested Increase				
Premium Increase				
Last Rate Revision				
Last Rate Increase				
Effective Date				

**LIRC Exhibit D.4 - Automobile  
Six-month rate**

Single Female (20 years old)	10/20/10 Liability Coverage
One at-fault accident	Drives 20 miles roundtrip to work
Principal operator	10,000 miles annually
Drives 2 year old model	Non-Student
Pontiac Grand Am, SE, 2-door coupe, 4-cylinder	Licensed 4 years, completed drivers ed.

<u>City</u>	<u>Present Premium</u>	<u>Proposed Premium</u>	<u>Change (+ or -)</u>	<u>Percent Change</u>
Alexandria				
Baton Rouge				
Lafayette				
Lake Charles				
Monroe				
New Orleans				
Shreveport				
Rural (Remainder of State)				
Indicated Increase				
Requested Increase				
Premium Increase				
Last Rate Revision				
Last Rate Increase				
Effective Date				

**LIRC Exhibit D.5 - Automobile  
Six-month rate**

Married Male (65 years old)  
No accident or tickets  
Principal operator  
Drives 7 year old model  
Plymouth Acclaim, 4-door, 6-cylinder

10/20/10 Liability Coverage  
Pleasure use  
5,000 miles annually

<u>City</u>	<u>Present Premium</u>	<u>Proposed Premium</u>	<u>Change (+ or -)</u>	<u>Percent Change</u>
Alexandria				
Baton Rouge				
Lafayette				
Lake Charles				
Monroe				
New Orleans				
Shreveport				
Rural (Remainder of State)				
Indicated Increase				
Requested Increase				
Premium Increase				
Last Rate Revision				
Last Rate Increase				
Effective Date				



**LIRC Exhibit D.6 - Automobile  
Six-month rate**

Married Female (58 years old)

No accident or tickets

Principal operator

Drives current year model

Buick LeSabre, 4-door sedan, 6-cylinder

10/20/10 Liability Coverage

Pleasure use

7,500 miles annually

<u>City</u>	<u>Present Premium</u>	<u>Proposed Premium</u>	<u>Change (+ or -)</u>	<u>Percent Change</u>
Alexandria				
Baton Rouge				
Lafayette				
Lake Charles				
Monroe				
New Orleans				
Shreveport				
Rural (Remainder of State)				
Indicated Increase				
Requested Increase				
Premium Increase				
Last Rate Revision				
Last Rate Increase				
Effective Date				

**LIRC Exhibit D.7 - Automobile  
Six-month rate**

Single Female with dependent (48 years old)  
 No accident or tickets  
 Principal operator  
 Drives 30 miles roundtrip to work  
 12,500 miles annually  
 Drives 3 year old model  
 Toyota Camry LE, 4-door sedan, 4-cylinder

10/20/10 Liability Coverage  
 Daughter (16 years old)  
 Occasional operator - no accidents or tickets  
 Licensed less than 1 year  
 Student with 3.5 grade point average  
 Completed driver's education

<u>City</u>	<u>Present Premium</u>	<u>Proposed Premium</u>	<u>Change (+ or -)</u>	<u>Percent Change</u>
Alexandria				
Baton Rouge				
Lafayette				
Lake Charles				
Monroe				
New Orleans				
Shreveport				
Rural (Remainder of State)				
Indicated Increase				
Requested Increase				
Premium Increase				
Last Rate Revision				
Last Rate Increase				
Effective Date				

**LIRC Exhibit E.1 - Homeowners  
Annual rate**

**Frame Construction  
\$60,000 Coverage A  
50-year old dwelling  
\$500 Deductible**

**Deadbolt locks on all doors  
No significant remodeling  
Smoke Detectors**

<u>City</u>	<u>Present Premium</u>	<u>Proposed Premium</u>	<u>Change (+ or -)</u>	<u>Percent Change</u>
Alexandria				
Baton Rouge				
Lafayette				
Lake Charles				
Monroe				
New Orleans				
Shreveport				
Rural (Remainder of State)				
Indicated Increase				
Requested Increase				
Premium Increase				
Last Rate Revision				
Last Rate Increase				
Effective Date				

**LIRC Exhibit E.2 - Homeowners  
Annual rate**

**Frame Construction  
\$75,000 Coverage A  
25-year old dwelling  
\$500 Deductible**

**Deadbolt locks on all doors  
No significant remodeling  
Smoke Detectors**

<u>City</u>	<u>Present Premium</u>	<u>Proposed Premium</u>	<u>Change (+ or -)</u>	<u>Percent Change</u>
Alexandria				
Baton Rouge				
Lafayette				
Lake Charles				
Monroe				
New Orleans				
Shreveport				
Rural (Remainder of State)				
Indicated Increase				
Requested Increase				
Premium Increase				
Last Rate Revision				
Last Rate Increase				
Effective Date				

**LIRC Exhibit E.3 - Homeowners**  
**Annual rate**

**Frame Construction**  
**\$100,000 Coverage A**  
**15-year old dwelling**  
**\$500 Deductible**

**Deadbolt locks on all doors**  
**No significant remodeling**  
**Smoke Detectors**

<u>City</u>	<u>Present Premium</u>	<u>Proposed Premium</u>	<u>Change (+ or -)</u>	<u>Percent Change</u>
Alexandria				
Baton Rouge				
Lafayette				
Lake Charles				
Monroe				
New Orleans				
Shreveport				
Rural (Remainder of State)				
Indicated Increase				
Requested Increase				
Premium Increase				
Last Rate Revision				
Last Rate Increase				
Effective Date				

**LIRC Exhibit E.4 - Homeowners  
Annual rate**

**Brick Construction  
\$125,000 Coverage A  
10-year old dwelling  
\$500 Deductible**

**Deadbolt locks on all doors  
Has not been remodeled  
Smoke Detectors**

<u>City</u>	<u>Present Premium</u>	<u>Proposed Premium</u>	<u>Change (+ or -)</u>	<u>Percent Change</u>
Alexandria				
Baton Rouge				
Lafayette				
Lake Charles				
Monroe				
New Orleans				
Shreveport				
Rural (Remainder of State)				
Indicated Increase				
Requested Increase				
Premium Increase				
Last Rate Revision				
Last Rate Increase				
Effective Date				

**LIRC Exhibit E.5 - Homeowners  
Annual rate**

**Brick Construction  
\$150,000 Coverage A  
5-year old dwelling  
\$500 Deductible**

**Deadbolt locks on all doors  
Smoke Detectors**

<u>City</u>	<u>Present Premium</u>	<u>Proposed Premium</u>	<u>Change (+ or -)</u>	<u>Percent Change</u>
Alexandria				
Baton Rouge				
Lafayette				
Lake Charles				
Monroe				
New Orleans				
Shreveport				
Rural (Remainder of State)				
Indicated Increase				
Requested Increase				
Premium Increase				
Last Rate Revision				
Last Rate Increase				
Effective Date				

**LIRC Exhibit E.6 - Homeowners  
Annual rate**

**Brick Construction  
\$200,000 Coverage A  
Less than year old  
\$500 Deductible**

**Deadbolt locks on all doors  
Smoke Detectors**

<u>City</u>	<u>Present Premium</u>	<u>Proposed Premium</u>	<u>Change (+ or -)</u>	<u>Percent Change</u>
Alexandria				
Baton Rouge				
Lafayette				
Lake Charles				
Monroe				
New Orleans				
Shreveport				
Rural (Remainder of State)				
Indicated Increase				
Requested Increase				
Premium Increase				
Last Rate Revision				
Last Rate Increase				
Effective Date				



**EXHIBIT F**  
**LOUISIANA INSURANCE RATING COMMISSION**  
**LOUISIANA**

Filed Line of Business: \_\_\_\_\_

**DIRECT BUSINESS UNDERLYING FILING**  
**ALL FILING COMPANIES COMBINED**  
**ALL COVERAGES COMBINED**

Calendar Year	Written Premium (A)	Earned Premium (B)	Loss Incurred (C)	ALAE Incurred (D)	ULAE Incurred (E)	Total Loss & LAE Incurred (F)	Commission & Brokerage Incurred (G)	Other Acquisition Incurred (H)	General Incurred (I)	Taxes, Licenses, and Fees Incurred (J)	Total Underwriting Expense Incurred (K)	Dividends to Policyholders (L)	Other Income Less Other Expenses (M)	Underwriting Gain (Loss) (N)	Investment Gain on Funds (O)	Overall Gain (Loss) (P)
Current Year	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Current Year -1																
Current Year -2																
Current Year -3																
Current Year -4																
Current Year -5																
Current Year -6																
Current Year -7																
Current Year -8																
Current Year -9																
10-Year Totals																

Calendar Year	Loss Incurred (1)	ALAE Incurred (2)	ULAE Incurred (3)	Total Loss & LAE Incurred (4)	Commission & Brokerage Incurred (5)	Other Acquisition Incurred (6)	General Incurred (7)	Taxes, Licenses, and Fees Incurred (8)	Total Underwriting Expense Incurred (9)	Dividends to Policyholders (10)	Other Income Less Other Expenses (11)	Underwriting Gain (Loss) (12)	Investment Gain on Funds (13)	Overall Gain (Loss) (14)
Current Year	%	%	%	%	%	%	%	%	%	%	%	%	%	%
Current Year -1														
Current Year -2														
Current Year -3														
Current Year -4														
Current Year -5														
Current Year -6														
Current Year -7														
Current Year -8														
Current Year -9														
10-Year Totals														

NOTES: The experience in these tables is Louisiana only. This experience is as contained in the Insurance Expense Exhibits (IEE) allocated to this filed line for Louisiana.

Column	Source of Louisiana Experience	Column	Source of Louisiana Experience	Column	Source of Louisiana Experience
A	IEE, Part III, Column 1	F	C+D+E	K	G+H+I+J
B	IEE, Part III, Column 3	G	IEE, Part III, Column 23	L	IEE, Part III, Column 5
C	IEE, Part III, Column 7	H	IEE, Part III, Column 27	M	IEE, Part III, Column 31
D	IEE, Part III, Column 9	I	IEE, Part III, Column 29	N	B-F-K-L+M
E	IEE, Part III, Column 11	J	IEE, Part III, Column 25	O	IEE, Part II, Column 35+39

Column	Source of Louisiana Experience
P	N+O

Columns 1 - 4, 10, 11, 13 and 14 are respective dollars divided by earned premiums (B) times 100, rounded to a tenth of a percent.

Columns 5 - 9 are respective dollars divided by written premium (A) times 100, rounded to a tenth of a percent.

These references are appropriate for the 2001 annual statement and IEE (Insurance Expense Exhibit).  
Some of the years displayed in this exhibit will require different references from the annual statement/IEE.

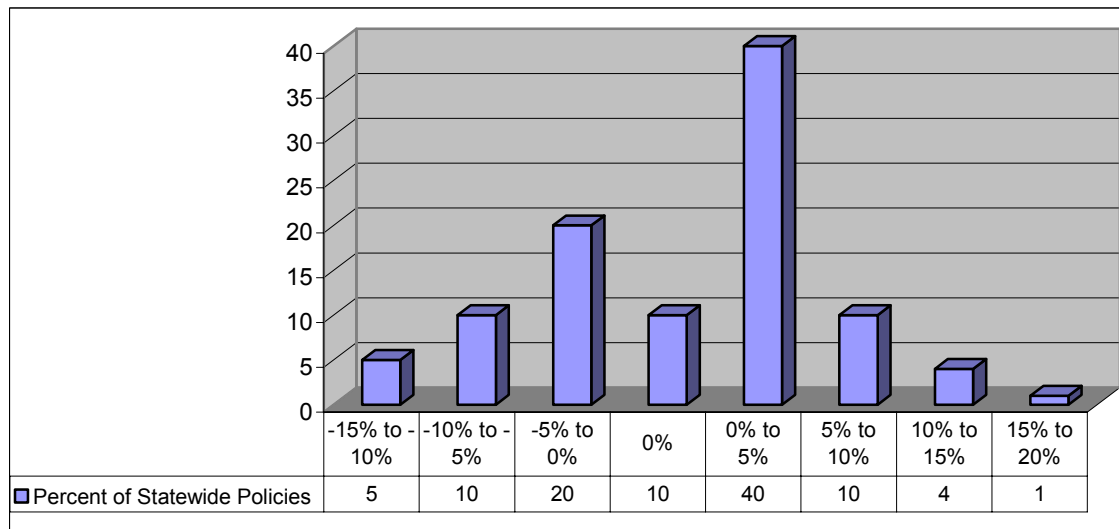
REVISED February 2003

## Exhibit H

### Louisiana Rate Revision Questionnaire

For private passenger automobile, homeowner, and medical malpractice insurance, the LIRC requests that the following information be provided.

1. Provide a histogram depicting the percentage (%) of policyholders statewide that will receive a rate change by 5-point increments. A sample is provided below. If you are unable to provide an exact distribution of policyholders by increment, then an estimate will be acceptable.



2. Please provide a brief description of the risks that are at or near the maximum estimated rate change.
3. What is the number of policyholders at the statewide minimum and maximum percentage rate change?

## **Exhibit I**

### **Louisiana Territorial Revision Questionnaire**

1. What is the minimum, average, and maximum expected rate change by territory?
2. Provide a copy of the proposed territory definitions (provide current definitions, if no changes are being proposed).
3. Under the proposed filing, will an existing territory be split into one or more other territories or deleted?
  - a. What is the expected rate impact on a policyholder due solely to the territory split or deletion?
  - b. How many policyholders will be affected by the territory split or deletion?
  - c. Will you notify the policyholder that the territory has changed? Are they also informed that this change may or may not affect their premium? If so, when and how is the policyholder notified?

## **Exhibit J**

### **Louisiana Medical Malpractice Questionnaire**

1. What is the minimum, average, and maximum expected rate change by your company's rating group definitions.
2. Under the proposed filing, will an existing rating group be split into one or more other rating groups or deleted?

If your answer is "yes", explain what happens to existing policyholders (in the old rating group) when they are moved to new rating groups.

3. If any policyholder's rate is affected by the proposed filing, is the policyholder notified of the rate impact the filing will have?

If your answer is "yes", when and how is the policyholder notified?